

**PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY**  
**Snohomish County, Washington**  
**August 22, 1995 Through December 14, 1995**

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**Schedule Of Findings**

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1. Public Funds Were Misappropriated And Payroll Records Were Falsified By A District Employee

Our audit of the payroll records for one employee of Public Hospital District No. 2 of Snohomish County revealed that at least \$3,372.50 in public funds was misappropriated during the period August 22, 1995, through December 14, 1995. The losses resulted from an employee falsely preparing her payroll records. There were no federal funds involved in this case. These funds were misappropriated as described below.

A part-time nurse falsified the number of hours and the shift she worked on her time cards. The employee was able to circumvent district procedures because she worked in two different units of the hospital and the district only required one of her two supervisors to approve the time cards. While she submitted accurate data pertaining to work performed for the supervisor approving the time cards, she falsified hours charged to the other. District personnel compared the employee's time cards to other hospital time records and determined that the nurse had recorded 111.25 hours that she did not work, and 12 hours of first shift work as second shift. As a result, she was overpaid \$3,372.50.

The nurse's employment with the hospital was terminated in early January 1996. The employee authorized the district to withhold her final paycheck to make partial restitution for this loss amount, and then remitted the difference to the district by check on January 9, 1996.

RCW 9A.56.030 states:

Theft in the first degree ) Other than firearm. (1) A person is guilty of theft in the first degree if he or she commits theft of:

(a) Property or services which exceed(s) one thousand five hundred dollars in value other than a firearm as defined in RCW 9.41.010; or

(b) Property of any value other than a firearm as defined in RCW 9.41.010 taken from the person of another.

(2) Theft in the first degree is a class B felony.

RCW 9A.60.020 states:

Forgery. (1) A person is guilty of forgery if, with intent to injure or defraud:

(a) He falsely makes, completes, or alters a written instrument or;

(b) He possesses, utters, offers, disposes of, or puts off as true a written instrument which he knows to be forged.

(2) Forgery is a class C felony.

RCW 40.16.020 states:

Injury to and misappropriation of record. Every officer who shall mutilate, destroy, conceal, erase, obliterate, or falsify any record or paper appertaining to the officer's office, or who shall fraudulently appropriate to the officer's own use or to the use of another person, or secrete with intent to appropriate to such use, any money, evidence of debt or other property intrusted to the officer by virtue of the officer's office, shall be punished by imprisonment in a state correctional facility for not more than ten years, or by a fine of not more than five thousand dollars, or by both.

The district has obtained a personnel dishonesty bonding policy for all employees. However, this loss was not covered by the bonding company because it was less than the deductible provision of the policy.

We recommend the Washington State Office of the Attorney General and the Snohomish County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor as directed by RCW 43.09.260.

Bond coverage for district employees is as follows:

Federal Insurance Company  
Crime ) Employee Dishonesty and Forgery Policy  
Policy No. 8131-87-79B  
\$1,000,000, with \$5,000 Deductible Provision  
Period of Coverage: June 15, 1994, to June 15, 1997